

REAL ESTATE INSTITUTE OF TASMANIA

MEDIA RELEASE

December Quarter & 2015 Results

The Real Estate Institute of Tasmania today released its December Quarter and 2015 Annual results.

REIT President, Tony Collidge said “Positive economic conditions and heightened consumer confidence have been a catalyst for further improvement in the residential Real Estate market across Tasmania. A robust December Quarter saw our market increase for the third consecutive year to 9370 sales, an increase of 11.9% over 2014 with the total value of sales exceeding \$2.9 Billion dollars.”

Collidge said in summary the highlights of the December Quarter were:

- Hobart’s median price up 8.9% to \$392,000 with sales increasing 5.5%.
- Launceston median price up 2.1% to \$290,000 with sales numbers up 19.4%.
- N W Coast – Central Coast (\$277,750) & Devonport (\$267,500) median prices up while Burnie prices (\$220,000) were down. Sales up 61.1% on last year.
- Unit/ Townhouse prices increased 10.6% to \$265,500 with the number of sales up by 3.7%.
- Land prices up 16.8% to \$130,000 for Tasmania.
- First homebuyers down 1.0% to 12.0% of all house sales and investors at 13.0%. Existing homebuyers account for more than 50% of the market.
- Interstate buyers responsible for 18.0% of all sales while local continue to drive the market.
- Rental market strong demand. Vacancy rate down to 3.1% in Hobart and small increases (\$10 - \$20) in rents across most price ranges.
- 19 Sales exceeded 1 Million dollars (Predominately in Southern Tasmania with 1 sale in Launceston) and 64% of sales below \$400,000.

2015 Annual Results

Tasmanian residential Real Estate Market has continued its solid performance maintaining momentum through 2015 with sales increasing 11.6% over the previous year. Whilst it is pleasing to record our third continuous year of growth, sales activity is still more than 40% below the levels of 10 years ago during our last boom period.

The market continues to be dominated by local buyers who account for more than 82% of sales. Interstate purchasers increase 2.8% to 1671 for the year for the year with only 31% buying for investment purposes. The vast majority of interstate buyers were purchasing to reside here. Median purchase price was \$320,000.

Investors acquired 1650 properties in 2015 representing an increase of 3.1% over last year. Median rental purchase price was \$240,000.

- First Home buyers were down 15.3% to 1196 for the year. Median FHB house price was \$268,000.

- In 2015 there were 1379 land sales made by Real Estate agents of which 217 were for first homebuyers.
- Tasmania provides the cheapest housing in Australia. Hobarts median price is 40% of Sydney's, 55% of Melbourne's, 79% of Brisbane's and still \$43,000 less than our nearest rival Adelaide.
- Foreign investment has had very little impact on the local residential Real Estate market. However strong activity has been recorded in the Commercial and Agricultural sectors.
- What has happened in Melbourne, Sydney or Brisbane has minimal impact locally. Investors who account for more than 60% of its sales drive the Sydney market. Investors in Tasmania account for less than 20% of sales.
- Population growth has big impact on mainland markets. Sydney's population grows by more than 100,000 people each year. In 2015 Tasmanian population grew by 1860 people.
- 52% of residential investment purchases were in Hobart, 29% in Launceston, 12% on NW Coast, 6% East Coast, and 1% West Coast.

Markets varied significantly across the state. Inner Hobart, Eastern Shore and Kingborough/Huon were very strong with many suburbs in these areas are now achieving their highest median price. Outer Hobart regions are only starting to show signs of strengthening. The Launceston market continues to grow with the North West Coast showing rapid improvement.

Purchasers that can afford to move are doing so freely. This especially is occurring in the higher priced suburbs.

There are still many people who would like to move (sell) but are unable to because there has been no growth in the value of their property over the past 6-8 years.

Tasmania's best performing Municipalities

<u>Municipality</u>	<u>Increase</u>	<u>Median Price</u>
Huon Valley	8.2%	\$330,000
Meander Valley	5.8%	\$320,000
Devonport	5.6%	\$260,000
Hobart	5.5%	\$520,000
West Tamar	5.1%	\$315,250
Launceston	3.6%	\$274,500
Clarence	2.7%	\$380,000
Kingborough	1.7%	\$415,000
Glenorchy	1.1%	\$278,000

2016

There is nothing to suggest that current trends should alter. There appears to be strong demand in the marketplace with favourable economic conditions, improving customer confidence, business sectors optimism, low interest rates and decreasing unemployment.

The current demand for residential property across the state should remain strong.

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For Interview and comment REIT President Tony Collidge will be available at the Real Estate Institute of Tasmania at 12.30 pm.

33 Melville Street, Hobart.

MEDIA RELEASE EMBARGOED UNTIL 12.30 P.M. 10 FEBRUARY 2016